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Hungary

Grain and Feed

Drought Wallops Wheat Harvest

2003

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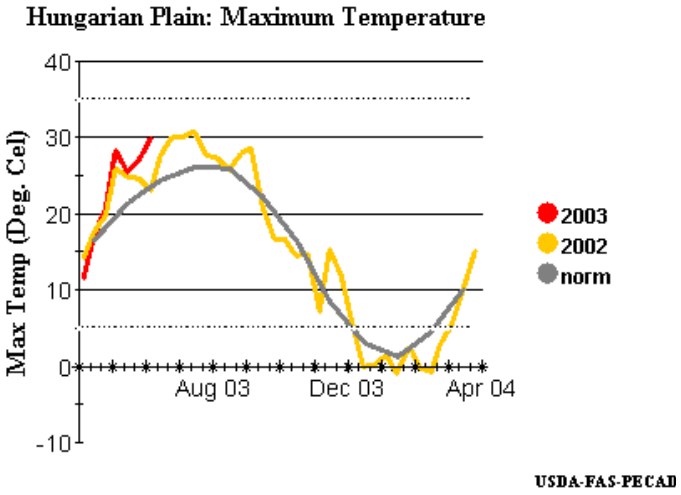
Report Highlights: With low rainfall and high temperatures, Hungary if facing one of its worst wheat crops in recent memory. Hungary will not export significant amounts of new crop wheat but there are significant carry-over stocks from last year. The corn crop is under stress but could yet recover if there are significant rains in July and August. The barley harvest started early and yields are down. There was a large drought relief package for farmers last year but government assistance this year is constrained by a budget deficit.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], HU

Meteorological conditions

Hungary has not received significant rainfall since the snow thawed in mid-March. Precipitation in March-June, 2003 in most of the country was 120-160 millimeter (mm) lower than the long term average for this period. The level of Lake Balaton, a great freshwater lake in the middle of the country, is 400 mm lower than the normal. At the same time, temperature records were broken in May and June.

The drought is affecting the Central and Southern parts of Hungary the most. There, the top 20 centimeter layer of the soil has no available moisture at all. Transdanubia, the western half of the country, has been less damaged by drought.



Irrigated area is very low in Hungary. While at the end of the 1980's , about 250,000 ha (5.3 percent of the arable land) was irrigated, the same figure was 125,300 ha (2.6 percent) in 2001.

Note: for the latest weather and precipitation information in this production region, please see USDA's Crop Explorer at: http://151.121.3.218/rssiws/

Spring crop losses

Nearly all of the cereal crops have been heavily damaged by drought. The harvest of winter barley started ten days earlier than normal. Trade sources estimate about 2.7-2.8 MT/ha yields, so the winter barley crop will be about 450,000 mt vs. 650-700,000 MT in a normal year.

Winter wheat crop estimates sank from 4.1 million MT to 3.3-3.5 million. This year's wheat harvest could be the worst in 30 years

Corn is also suffering from the lack of soil moisture. Curling leaves indicate heat stress. However, is there is significant rainfall in July and early August the corn crop could still reach an average level.

Market situation

Losses caused by drought are estimated at between HUF 60-70 billion (USD 1 equals HUF 222). The grain sector and horticulture are affected most, but sugar beets, sunflowers and other row and forage crops have also suffered. Hungary's grain trade balance, however, remains positive but wheat exports are going to be minimum. Higher than usual wheat carryover stocks (about 300,000 MT are still exportable). There have been recent old crop sales to Romania and Bosnia.

Economic effects

Domestic prices at the Budapest Commodity Exchange (BCE) started to rapidly increase as a result of the "weather psychosis". Turnover for cereals doubled. Although they are continuing to rise, wheat futures prices for August are probably limited by regional prices and the prospect for imports (probably around HUF 30,000/MT or USD $135).

Farm organizations want the government to give irrigation and storage subsidies to farms, and interest write off and government guarantee on emergency loans. The government has decided to focus damage compensation payments on rescheduling loans, and public warehousing programs. The Minister of Agriculture Nemeth is highlighting that last year's HUF 60 billion drought damage compensation package will not be repeated this year because of a budget deficit.

PSD Table							
Country	Hungary						
Commodity	Wheat				(1000 HA)(1000 MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	
Market Year Begin		0.0034983		0.0034965		0.0034948	MM/YYYY
Area Harvested	1200	1200	1100	1100	0	1112	(1000 HA)
Beginning Stocks	550	392	797	568	827	658	(1000 MT)
Production	5197	5176	3900	3900	0	3300	(1000 MT)
TOTAL Mkt. Yr. Imports	75	0	300	0	0	0	(1000 MT)
Jul-Jun Imports	75	0	300	0	0	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	5822	5568	4997	4468	827	3958	(1000 MT)
TOTAL Mkt. Yr. Exports	1855	2000	1200	860	0	400	(1000 MT)
Jul-Jun Exports	1855	2000	1200	860	0	400	(1000 MT)
Feed Dom. Consumption	1325	1100	1000	1000	0	1000	(1000 MT)
TOTAL Dom. Consumption	3170	3000	2970	2950	0	3000	(1000 MT)
Ending Stocks	797	568	827	658	0	558	(1000 MT)
TOTAL DISTRIBUTION	5822	5568	4997	4468	0	3958	(1000 MT)

PSD Table							
Country	Hungary						
Commodity	Barley				(1000 HA)(1000 MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	
Market Year Begin		0.0034983		0.0034965		0.003494757863	MM/YYYY
Area Harvested	368	368	384	372	0	310	(1000 HA)
Beginning Stocks	101	70	149	100	99	25	(1000 MT)
Production	1300	1300	1100	1100	0	820	(1000 MT)

TOTAL Mkt. Yr. Imports	27	50	50	5	0	50	(1000 MT)
Oct-Sep Imports	28	50	50	5	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1428	1420	1299	1205	99	895	(1000 MT)
TOTAL Mkt. Yr. Exports	179	120	100	80	0	40	(1000 MT)
Oct-Sep Exports	145	120	100	100	0	60	(1000 MT)
Feed Dom. Consumption	800	940	800	850	0	700	(1000 MT)
TOTAL Dom. Consumption	1100	1200	1100	1100	0	835	(1000 MT)
Ending Stocks	149	100	99	25	0	20	(1000 MT)
TOTAL DISTRIBUTION	1428	1420	1299	1205	0	895	(1000 MT)